

REMARKS/ARGUMENTS

This Amendment is responsive to the Office Action mailed on March 4, 2009. Prior to this Amendment, claims 12-25 and 39-66 were pending and subject to examination. In this Amendment, claims 39, 53, and 54 are amended, claims 12-25 and 62-66 are canceled, and claims 67-76 are added so that claims 39-61 and 67-76 are pending and subject to examination on the merits.

I. Summary of Embodiments of the Invention

Before addressing the specific rejections in the Office Action, Applicants will provide a brief summary of the subject matter of the pending independent claims. Supporting passages from the specification are provided in parenthesis.

Embodiments of the invention are directed to a system for conducting a commercial transaction between a buyer and a seller is disclosed. The system includes a transaction processing system for facilitating payment for a transaction between the buyer and the seller. In addition to the buyer and the seller, the transaction processing system also interacts with an issuer, an acquirer and a credit card association, such as Visa (via VisaNet). The issuer issues and manages an account for the buyer. The acquirer manages an account for the seller.

Before the transaction processing system is used to process transactions between the buyer and the seller, certain information is obtained from the buyer, the seller, the issuer and the acquirer and stored on the system. Each buyer and seller are registered in the system. Upon registration, the pre-negotiated terms and conditions which are to be used to govern the transactions between the buyer and the seller are collected and stored on the system. Such terms and conditions are obtained, for example, from a sales agreement between the buyer and the seller. In addition, the system also stores pre-negotiated terms and conditions agreed to amongst the buyer, the seller, the issuer and the acquirer.

The transaction processing system handles a transaction between a buyer and a seller in the following exemplary manner. An electronic invoice is first posted to the system by the seller or another system. Upon accepting the electronic invoice, the system creates one or

more payment instructions. Each payment instruction corresponds to a payment transaction. Typically, one invoice represents one payment transaction, and hence, one payment instruction is created. However, it should be understood that multiple payment instructions may be created from a single invoice because a single invoice may represent multiple payment transactions. Alternatively, the buyer can cause the system to create a payment instruction without a corresponding electronic invoice.

Each time a payment instruction is created, the system applies some or all of the previously stored pre-negotiated payment terms and conditions between the buyer and the seller to the payment instruction. For example, if terms for a given buyer-seller contract state that payment is due 45 days from invoice date, that information would be included in the payment instruction when the payment instruction is created.

After a payment instruction is created, the system seeks approval from the buyer. The approval can be provided by the buyer through an interface to the system. Alternatively, the approval can be supplied by a third party system on behalf of the buyer. Upon approval of a payment instruction by the buyer, the system schedules the payment for the specified date in the payment instruction. On the scheduled day of payment, the system calculates one or more fees, such as a transaction fee, for that particular payment transaction according to a pre-defined variable pricing matrix, which is determined based on the set of pre-negotiated terms and conditions agreed to by the issuer, the acquirer, the seller and the buyer.

The transaction fee is an amount used by the issuer and the acquirer to compensate each other for processing the payment transaction on behalf of the buyer and the seller. The respective portions of the transaction fee to be received by the issuer and the acquirer may vary. For example, the transaction fee may be shared by the issuer and the acquirer equally or based on some pre-determined percentage, or alternatively, the transaction fee may belong solely to the issuer. After the transaction fee is calculated, information relating to the transaction fee and the payment instruction is formatted into a proper message format(s) and submitted for authorization, clearing and settlement. The issuer and the acquirer then communicate with one another directly or indirectly to settle the funds. Additionally, the system provides transaction

and activity reports to all relevant parties as well as access to status information for invoices and payments.

Embodiments of the invention have a number of advantages. For example, embodiments of the invention allow conduct payment transactions based on written contracts or agreements in an expeditious manner, while allowing parties such as issuers and acquirers to compensate each other in an appropriate manner, and while allowing a buyer and seller to maintain appropriate control over the transaction process.

II. 35 USC 101

In the Office Action, a number of claims are rejected under 35 U.S.C. 101.

At page 3, section 5, the Examiner states that claim 21 “discloses several modules that are considered non-functional descriptive material, and that databases per se without prerequisite structure may also be considered a file or software.”

In response, claim 21 is canceled, so this rejection is obviated.

At page 3 of the Office Action, claims 39-42 and 43-52 are rejected, because the Examiner alleges that these claims are not tied to a statutory class (such as a particular apparatus) or transform underlying subject matter.

In response, independent claim 39 is amended to recite “a server.” This is described at paragraph [64] of the present specification. Accordingly, independent claim 39 and claims dependent thereon comply with 35 U.S.C. 101. Further, independent claim 43 recites a “transaction processing system.” Clearly, a “system” is tangible and is within a statutory class. Accordingly, independent claim 43 and claims dependent thereon also comply with 35 U.S.C. 101.

III. 35 USC 103 - Rodgers (WO 2001/018712) and Bergato (WO 1999/0055629).

Claims 12-25 and 39-61 are rejected under 35 U.S.C. 103(a) as being unpatentable over Rodgers in view of Bergato. The Examiner states the following in the obviousness rejection.

13. Rodgers discloses a Web-based purchasing method using a networked computer system (100) to facilitate the purchase of merchandise by a purchaser (130) from a seller (140), including buyer approval (page 8 lines 11-12), transaction accounts (page 7 lines 12-14), terms and conditions (page 6 lines 18-21) and variable pricing (page 12 lines 28-30). The pricing of venues participants, referral services, escrow services would be stored in a database and thus considered inherent to Rodgers.

14. Rodgers does not disclose the applicant's database per se.

15. Bergato discloses a data processing system (10) and method including a host processor (12) and remote terminals (26), for facilitating transactions in precious stones such as diamonds

are set forth." I consider that BEP, GATO includes buyer approval (page 29 lines 27-29), transaction accounts (page 15 lines 11-14) and variable pricing (page 9 lines 24-27).

Furthermore, terms and conditions are included in such things as buyer approval and the like. As in Rodgers, it is inherent that a database would store such information linking diamond weight to the fee for the clearing house. Thus, the disclosure of the database is a function equivalent to your variable pricing matrix.

Thus it would have been obvious to one of ordinary skill in the art at the time of the invention to include or substitute the database as taught by Bergato in the system of Rodgers, since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

As explained in Applicants' Amendment filed February 6, 2009, it is not entirely clear what limitation(s) that the Examiner believes is not taught or suggested by Rodgers and that is supplemented by Bergato. At page 11 of Applicants' Amendment filed on February 6, 2009, Applicants stated the following: "Should the Examiner maintain the obviousness rejection, clarification of the rejection is respectfully requested." However, no clarification has been

provided by the Examiner. In fact, as explained at page 10 of Applicants' February 6, 2009 Amendment, Applicants have been unable to discuss the issues with the Examiner as the Examiner has not returned Applicants' representative's phone calls, and has not responded to Applicants' request for an interview.

Despite the lack of clarity in the Office Action, Applicants again maintain that obviousness has still not been established in view of Rodgers and Bergato, alone or in combination.

A. Independent claim 39

1. Obviousness has not been established, since neither Rodgers nor Bergato teaches or suggests a method comprising, *inter alia*, a "using the server, maintaining a plurality of terms and conditions relating to the buyers, the sellers, issuers, and acquirers"

Obviousness has not been established, since neither Rodgers nor Bergato teaches or suggests a method comprising, *inter alia*, "using the server, maintaining a plurality of terms and conditions relating to the buyers, the sellers, issuers, and acquirers" as recited in independent claim 39. As argued in Applicants' February 6, 2009 Amendment, the Examiner does not even mention the terms "issuer" and "acquirer" in the Office Action, so it is unclear where the Examiner believes that the limitation "using the server, maintaining a plurality of terms and conditions relating to the buyers, the sellers, issuers, and acquirers" is taught or suggested in Rodgers or Bergato.

Rodgers discloses a Web-based purchasing system to facilitate the purchase of merchandise by a purchaser from the seller. The system receives a purchase offer from the purchaser to purchase merchandise at an established price. The system then transmits a request to a shipper to pick up the merchandise from the seller and an amount at least equal to the established purchase price is transferred from the purchaser's financial account into an escrow account. The escrow account is being controlled by a transaction computer based on information contained in the transaction database. After the merchandise is delivered to the purchaser at the purchaser's address, and following an inspection period, at least a portion of the gross purchase

price is transferred from the escrow account to the seller's financial account as well as to other participants in the web-based purchasing system. See Rodgers' abstract.

At page 4 of the Office Action, the Examiner alleges that "terms and conditions" are taught at page 6, lines 18-21 of Rodgers. Page 6, lines 18-21 of Rodgers state: "The website 170 may allow participants of the web-based purchasing system 100 to communicate and interact with the system 100 and other participants. The website 170 may be linked to other websites, allowing users who have negotiated a transaction and agreed upon a purchase price and possible other conditions using other means, such as an auction website, to complete their transaction using the system of the present invention." Clearly, the words "issuer and acquirer" are not present at page 6, lines 18-21, so it cannot teach or suggest "using the server, maintaining a plurality of terms and conditions relating to the buyers, the sellers, issuers, and acquirers." It is clear that the "users" that are referred to at page 6, lines 18-21 are sellers and purchasers (page 6, line 14 of Rodgers), and there is no teaching or suggestion that there is an agreement between a buyer, seller, issuer, and acquirer. As noted at page 3, lines 15-16 of the present specification, an "issuer" manages an account for a buyer and an "acquirer" manages an account for a seller. Therefore, Rodgers cannot teach or suggest a method comprising, *inter alia*, "using the server, maintaining a plurality of terms and conditions relating to the buyers, the sellers, issuers, and acquirers" as recited in independent claim 39.

Bergato et al. also does not teach or suggest a method comprising, *inter alia*, a method comprising, *inter alia*, a "using the server, maintaining a plurality of terms and conditions relating to the buyers, the sellers, issuers, and acquirers" as recited in independent claim 39." Bergato's abstract discloses a data processing system and method for facilitating transactions in diamonds. Sellers from remote terminals can input price and data about stones. From the remote terminals, buyers may view of bid on the stones listed in the data base in the form of a matrix that includes the lowest offer price, the highest offer price, and the last sale price. When a bid and offer match, confirmation is issued to the buyer and the sale is confirmed. See Bergato's abstract. A third party escrow will receive the stone and payment and will then distribute it to the receiving party. It also does not teach or suggest "using the server,

maintaining a plurality of terms and conditions relating to the buyers, the sellers, issuers, and acquirers.”

Despite these deficiencies, claim 39 is amended with the limitation “wherein the transaction processing system comprises a variable pricing matrix, which calculates one or more transaction fees based on a set of pre-negotiated terms and conditions agreed to by at least the issuer and an acquirer associated with the seller,” in order to expedite the prosecution. Clearly, a variable pricing matrix such as this one is not taught or suggested by the cited art.

B. Independent claim 43

1. Obviousness has not been established with respect to independent claim 43 and claims dependent thereon, since a number of limitations are not even addressed in the Office Action.

Obviousness has not been established with respect to independent claim 43 and claims dependent thereon, since a number of limitations are not even addressed in the Office Action. For example, the Office Action does not state where the limitations “receiving an electronic invoice or an instruction to create the electronic invoice” and “receiving approval from the buyer in response to the sent payment instruction at the transaction processing system; [and] after receiving the approval from the buyer, sending an authorization request to an issuer” can be found in the prior art. With respect to the “electronic invoice” limitation in claim 43, the word “invoice” is not even present in Rodgers, so it is unclear how Rodgers can teach or suggest this limitation. With regard to the limitation “receiving approval from the buyer in response to the sent payment instruction at the transaction processing system; [and] after receiving the approval from the buyer, sending an authorization request to an issuer,” the Examiner cites page 8, lines 11-12 of Rodgers as disclosing “buyer approval.” However, this passage states that a transaction computer 110 “also includes an escrow account 120, which temporarily holds the purchaser’s funds pending approval of the merchandise by the purchaser.” There is no “approval from the buyer in response to the sent payment instruction” in this passage or in any other passage in Rodgers.

C. Independent claim 53

1. Obviousness has not been established with respect to independent claim 53 and claims dependent thereon, since a number of limitations are not even addressed in the Office Action.

Obviousness has not been established with respect to independent claim 53 and claims dependent thereon, since a number of limitations are not even addressed in the Office Action. For example, the Office Action fails to state where Rodgers or Bergato teaches or suggests, *inter alia*, “wherein the transaction processing system comprises an issuer pricing engine, wherein the issuer pricing engine is configured to determine a transaction fee associated with an invoice associated with the transaction, the issuer retaining at least a portion of the transaction fee.” Since many of the limitations in claim independent claim 53 and claims dependent thereon are not even addressed in the Office Action, obviousness has not been established.

D. Newly added dependent claims 67-76

Dependent claims 67-76 are patentable, since they depend from non-obvious independent claims. In addition, the dependent claims recite additional features which make them additionally patentable over the prior art.

Dependent claim 67 recites “wherein the transaction processing system includes an authorization and settlement interface.” Obviousness has not been established, since this feature, at least in combination with the other features in the claim, is not taught or suggested by Rodgers and Bergato.

Dependent claim 68 recites “wherein the transaction processing system further comprises a database including invoices with terms and conditions.” Obviousness has not been established, since this feature, at least in combination with the other features in the claim, is not taught or suggested by Rodgers and Bergato.

Dependent claim 69 recites “wherein the transaction processing system comprises a database comprising a table including transaction fees that are assessed depending upon terms and conditions in invoices.” Obviousness has not been established, since this feature, at least in combination with the other features in the claim, is not taught or suggested by Rodgers and Bergato.

Dependent claim 70 recites “wherein the transaction processing system comprises a variable pricing matrix, which calculates one or more transaction fees based on a set of pre-negotiated terms and conditions agreed to by at least the issuer and an acquirer associated with the seller.” Obviousness has not been established, since this feature, at least in combination with the other features in the claim, is not taught or suggested by Rodgers and Bergato.

Dependent claim 71 recites “wherein the transaction processing system creates or receives invoices from sellers.” Obviousness has not been established, since this feature, at least in combination with the other features in the claim, is not taught or suggested by Rodgers and Bergato.

Dependent claim 72 recites “wherein the transaction processing system is configured to create a settlement file for the transaction between the buyer and the seller.” Obviousness has not been established, since this feature, at least in combination with the other features in the claim, is not taught or suggested by Rodgers and Bergato.

Dependent claim 73 recites “wherein the settlement file includes information regarding the cost of goods sold.” Obviousness has not been established, since this feature, at least in combination with the other features in the claim, is not taught or suggested by Rodgers and Bergato.

Dependent claim 74 recites “wherein the payment processing network is a data transport and processing network.” Obviousness has not been established, since this feature, at least in combination with the other features in the claim, is not taught or suggested by Rodgers and Bergato.

Dependent claim 75 recites “wherein the method further comprises creating and transmitting multiple payment instructions for the electronic invoice.” Obviousness has not been

established, since this feature, at least in combination with the other features in the claim, is not taught or suggested by Rodgers and Bergato.

Dependent claim 76 recites “wherein the transaction processing system comprises an invoice preprocessor and a payment manager.” Obviousness has not been established, since this feature, at least in combination with the other features in the claim, is not taught or suggested by Rodgers and Bergato.

IV. MPEP 707.07(f)

Many of the above arguments were made in Applicants’ prior Amendment. However, the Examiner fails to respond to any of Applicants’ arguments. This is contrary to MPEP 707.07(f), which states:

Where the requirements are traversed, or suspension thereof requested, the examiner should make proper reference thereto in his or her action on the amendment.

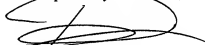
Where the applicant traverses any rejection, the examiner should, if he or she repeats the rejection, take note of the applicant's argument and answer the substance of it.

Here, the Examiner not only fails to address Applicants’ arguments, but the Examiner also fails to address numerous limitations in the pending claims. Accordingly, Applicants request that the Examiner provide responses to Applicants’ arguments as well as prior art citations (by page and line number) for all of the limitations of the claims.

CONCLUSION

It is believed that all claims are in condition for allowance. If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 415-576-0200.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Patrick R. Jewik', is written over a horizontal line.

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